

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3116
ANSWERED ON:10.08.2001
FISCAL RESPONSIBILITY PROGRAMME
MANJAY LAL

Will the Minister of FINANCE be pleased to state:

- (a) whether after the MOU system which set the tone for State level reforms, the Centre is now finalising an ambitious State Fiscal Responsibility Programme, which would dramatically change the State finances by 2004-05;
- (b) if so, whether this scheme of expenditure is a good opportunity for States that wish to reform;
- (c) whether it is also a fact that the core of the proposed State fiscal responsibility programme is the recommendation of the Eleventh Finance Commission; and
- (d) if so: to what extent the Centre is likely to implement this scheme?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) to (d) State Governments are autonomous under the Constitution and fiscal responsibility of the States is primarily the responsibility of the State Governments for which they are responsible to their respective legislatures. The State Governments take measures of their preference from time to time to improve their financial status Pursuant to the recommendations of the Eleventh Finance Commission, a scheme for the State's Fiscal Reforms Facility (2000-01 to 2004-05) has been drawn up to encourage them to draw medium term fiscal restructuring policy aimed at improving their financial position in the medium term. If the trend of improvement as suggested in the scheme continues, the State Sector as a whole is expected to come into revenue balance by the Financial year 2005-06.